set up an Internal Working Group to review the existing policy on priority sector lending. The interest rate on advances has already been deregualted in 1997. Further, the following steps taken, *inter-alia,* led to enhanced credit flow in rural areas. Credit flow to agriculture alone has increased by 32% from Rs. 86.981 crore in 2003-04 to Rs. 1,15,242 crore in 2004-05:—

(i) The banks have been asked to simplify the procedure for sanction of loan.

(ii) One page documentation has been circulated among banks for adoption.

(iii) Reserve Bank of India has instructed banks not to insist on collateral or margin for loans upto Rs. 50000/-.

(iv) Banks have been asked to issue Kisan Credit Cards to all eligible farmers.

(v) Financing of Self Help Groups is being emphasised.

(vi) A project has been initiated for lending by banks to joint liability groups of tenant farmers and oral lessees.

(vii) Indian Banks' Association has advised public sector banks to charge an interest rate of not more than 9% per annum on crop loans upto Rs. 50,000.

New Bank Credit in priority sector

2921. SHRI THENNALA G. BALAKRISHNA PILLAI:
SHRI SANTOSH BAGRODIA:
SHRI K.B. KRISHNA MURTHY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that as per Reserve Bank of India (RBI) guidelines, banks have to deploy 40 per cent of the total Net Bank Credit (NBC) in the priority sector;

(b) whether it is also a fact that actual credit disbursement by most of the banks was short of stipulated level;

(c) the details of total agricultural advances given by banks as on March, 2003; and

(d) steps taken to achieve the NBC targets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Reserve Bank of India have stipulated a target of 40% of Net Bank Credit (NBC) for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sectors. 25 Public Sector Banks and 18 Private Sector Banks could achieve the prescribed target of 40% of NBC as on the last reporting Friday of March 2005.

(c) The outstanding advances to agriculture by public and private sector banks, as on the last reporting Friday of March, 2003 is given below:

(*Amount in Rs. Crores*)

	As on the last reporting Friday of March, 2003	Target for lending to Agriculture (18%) of NBC
Public Sector Banks	70501	14.5%
Private Sector Banks	9924	12.0%

(d) Reserve Bank of India is monitoring the perfomance of banks in lending to priority sector, including agriculture, on an on-going basis through half yearly and yearly returns as well as meetings with banks at various fora. Banks which fail to achieve the target/sub-targets under priority sector lending are advised to take necessary steps to reach the stipulated targets in a time-bound manner.

RBI have also taken steps to enhance credit disbursement in rural areas to enable banks to achieve the priority sector lending targets. These include:

(i) Formulation of Special Agriculture Credit Plans;

(ii) Introduction of Kisan Credit Card (KCC);

(iii) Waiver of margin/security norms for agriculture loans upto Rs. 50,000/- and in case of agri-clinics, upto Rs. 5,00,000/-; and

(iv) Package of measures to double the flow of agriculture credit in three years time from June, 2004.